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AS AT FEBRUARY 28, 2013

Highlights for February 2013

- Budgetary revenue in February amounts to $5.8 billion, up $171 million compared to last year. Own-source revenue amounts to $4.3 billion while federal transfers stand at $1.5 billion.
- Program spending amounts to $4.7 billion, up $48 million compared to last year.
- Debt service stands at $620 million, up $31 million compared to last year.
- Consolidated budgetary transactions show a surplus of $505 million for February 2013, compared with a surplus of $576 million for February 2012.
- Taking the $99 million deposited in the Generations Fund into account, the monthly budgetary balance within the meaning of the *Balanced Budget Act* shows a surplus of $406 million for February 2013.

On the basis of the cumulative results as at February 28, 2013, the budgetary balance, within the meaning of the *Balanced Budget Act*, amounts to a deficit of $955 million. As announced in the March 2013 *Update on Québec's Economic and Financial Situation*, the budget deficit objective of $1 500 million for fiscal year 2012-2013 is maintained.

SUMMARY OF CONSOLIDATED BUDGETARY TRANSACTIONS
(millions of dollars) **(Unaudited data)**

	February		April to February		*Update on Québec's Economic and Financial Situation Spring 2013*	
	2012 [1]	2013	2011-2012 [1]	2012-2013	2012-2013	Forecast Growth %
BUDGETARY REVENUE						
Own-source revenue	4 273	4 280	45 237	47 178 [2]	52 942 [2]	5.3
Federal transfers	1 314	1 478	13 909	14 158	15 710	3.1
Total	**5 587**	**5 758**	**59 146**	**61 336**	**68 652**	**4.8**
BUDGETARY EXPENDITURE						
Program spending	- 4 602	- 4 650	- 54 666	- 55 818	- 62 642	1.9
Debt service	- 589	- 620	- 6 695	- 7 079	- 7 822	6.5
Total	**- 5 191**	**- 5 270**	**- 61 361**	**- 62 897**	**- 70 464**	**2.3**
CONSOLIDATED ENTITIES[3]						
Non-budget-funded bodies and special funds	126	- 56	789	817	462	—
Health and social services and education networks	- 41	- 26	- 135	- 211	- 100	—
Generations Fund	95	99	743	853	936	—
Total	**180**	**17**	**1 397**	**1 459**	**1 298**	—
Contingency reserve	—	—	—	—	**- 50**	—
Exceptional loss – closing of the Gentilly-2 generating station	—	—	—	**- 1 876**	**- 1 876**	—
SURPLUS (DEFICIT)	**576**	**505**	**- 818**	**- 1 978**	**- 2 440**	—
BALANCED BUDGET ACT						
Deposits of dedicated revenues in the Generations Fund	- 95	- 99	- 743	- 853	- 936	—
Exceptional loss – closing of the Gentilly-2 generating station[4]	—	—	—	1 876	1 876	—
BUDGETARY BALANCE WITHIN THE MEANING OF THE BALANCED BUDGET ACT	**481**	**406**	**- 1 561**	**- 955**	**- 1 500**	—

(1) For comparison purposes, the data for 2011-2012 have been adjusted to reflect improvements to the estimation method of mandataries for personal income tax revenue and health services contributions.
(2) Excluding the exceptional loss of $1 876 million resulting from the closure of the Gentilly-2 nuclear power plant in 2012-2013 included in Hydro-Québec's audited financial statements as at December 31, 2012.
(3) The details of these transactions by type of entity are shown on page 5 of this report.
(4) Since this is a one-time event independent of the management of its day-to-day operations, the government announced, in Budget 2013-2014 last November 20, amendments to the *Balanced Budget Act* to exclude from the budgetary balance the exceptional loss resulting from the closure of the Gentilly-2 nuclear power plant.

Cumulative results as at February 28, 2013

Budgetary balance

- For the period from April 2012 to February 2013, the budgetary balance, within the meaning of the *Balanced Budget Act*, amounts to a deficit of $955 million.
- As mentioned in the March 2013 *Update on Québec's Economic and Financial Situation*, the budget deficit forecast for fiscal year 2012-2013 is set at $1.5 billion. The following items have a particular effect on the budgetary balance during the year:
  - the recognition of an amount of $733 million corresponding to the first portion of the financial compensation arising from the harmonization of the Québec sales tax (QST) with the federal goods and services tax (GST). This amount, recognized at the rate of $244 million per month from January to March 2013, helps reduce the deficit for the fiscal year;
  - the additional cost of $407 million relating to payments of the solidarity tax credit during the first three months of 2012-2013, whereas no payment was made during the same period in 2011-2012, since this tax credit was only introduced on July 1, 2011. That contributes to increasing the deficit as at February 28;
  - a contingency reserve of $50 million.

Budgetary revenue

- As at February 28, 2013, budgetary revenue amounts to $61.3 billion, $2 190 million more than as at February 29, 2012.
  - Own-source revenue stands at $47.2 billion, $1 941 million more than at the same date last year.
  - Federal transfers amount to $14.2 billion, up $249 million compared to February 29, 2012.

Budgetary expenditure

- Since the beginning of the fiscal year, budgetary expenditure amounts to $62.9 billion, an increase of $1 536 million, or 2.5%, compared to last year.
  - For the first eleven months of the fiscal year, program spending rose by $1 152 million, or 2.1%, and stands at $55.8 billion.
    - The most significant changes are in the Health and Social Services ($819 million) and the Education and Culture ($267 million) missions.
    - In comparison, the March 2013 *Update on Québec's Economic and Financial Situation* stipulates growth of 1.9% for program spending in 2012-2013. Measures have already been taken to meet the program spending growth objective.
  - Debt service stands at $7.1 billion, an increase of $384 million or 5.7% compared to last year.

Consolidated entities

- As at February 28, 2013, the results of consolidated entities show a surplus of $1 459 million. These results include:
  - — a surplus of $817 million for special funds and non-budget-funded bodies;
  - — a $211-million deficit for the health and social services and the education networks;
  - — revenue dedicated to the Generations Fund of $853 million.

Net financial requirements

- As at February 28, 2013, consolidated net financial requirements stand at $4.9 billion, a decrease of $1.7 billion compared to last year. Financial requirements reflect the current budget deficit as well as the variation, from one year to the next, in receipts and disbursements made in the course of the government's operations.

CONSOLIDATED BUDGETARY AND FINANCIAL TRANSACTIONS
(millions of dollars) **(Unaudited data)**

	February			April to February		
	2012 [1]	2013	Change	2011-2012 [1]	2012-2013	Change
BUDGETARY REVENUE						
Own-source revenue	4 273	4 280	7	45 237	47 178 [2]	1 941
Federal transfers	1 314	1 478	164	13 909	14 158	249
Total	**5 587**	**5 758**	**171**	**59 146**	**61 336**	**2 190**
BUDGETARY EXPENDITURE						
Program spending	- 4 602	- 4 650	- 48	- 54 666	- 55 818	- 1 152
Debt service	- 589	- 620	- 31	- 6 695	- 7 079	- 384
Total	**- 5 191**	**- 5 270**	**- 79**	**- 61 361**	**- 62 897**	**- 1 536**
CONSOLIDATED ENTITIES[3]						
Non-budget-funded bodies and special funds	126	- 56	- 182	789	817	28
Health and social services and education networks	- 41	- 26	15	- 135	- 211	- 76
Generations Fund	95	99	4	743	853	110
Total	**180**	**17**	**- 163**	**1 397**	**1 459**	**62**
Exceptional loss – Closing of Gentilly-2 nuclear generating station	—	—	—	—	**- 1 876**	**- 1 876**
SURPLUS (DEFICIT)	**576**	**505**	**- 71**	**- 818**	**- 1 978**	**- 1 160**
Consolidated non-budgetary requirements	- 481	290	771	- 5 834	- 2 956	2 878
CONSOLIDATED NET FINANCIAL REQUIREMENTS	**95**	**795**	**700**	**- 6 652**	**- 4 934**	**1 718**

(1) For comparison purposes, the data for 2011-2012 have been adjusted to reflect improvements to the estimation method of mandataries for personal income tax revenue and health services contributions.

(2) Excluding the exceptional loss of $1 876 million resulting from the closure of the Gentilly-2 nuclear power plant in 2012-2013 included in Hydro-Québec's audited financial statements as at December 31, 2012.

(3) The details of these transactions by type of entity are shown on page 5 of this report.

MONTHLY REPORT ON FINANCIAL TRANSACTIONS

GENERAL FUND REVENUE

(millions of dollars) **(Unaudited data)**

Revenue by source	February 2012 [1]	February 2013	Change %	April to February 2011-2012 [1]	April to February 2012-2013	Change %
Own-source revenue excluding government enterprises						
Income and property taxes						
Personal income tax	1 527	1 411	- 7.6	17 137	17 224	0.5
Contributions to Health Services Fund	512	518	1.2	5 668	6 017	6.2
Corporate taxes	483	513	6.2	3 210	3 334	3.9
Consumption taxes	1 030	1 133	10.0	13 123	14 364	9.5
Others sources	206	146	- 29.1	1 816	1 688	- 7.0
Total own-source revenue excluding government enterprises	**3 758**	**3 721**	**- 1.0**	**40 954**	**42 627**	**4.1**
Revenue from government enterprises	**515**	**559**	**8.5**	**4 283**	**4 551** [2]	**6.3**
Total own-source revenue	**4 273**	**4 280**	**0.2**	**45 237**	**47 178**	**4.3**
Federal transfers						
Equalization	651	616	- 5.4	7 163	6 775	- 5.4
Protection payment	31	30	- 3.2	338	332	- 1.8
Health transfers	369	407	10.3	4 142	4 383	5.8
Transfers for post-secondary education and other social programs	128	124	- 3.1	1 361	1 360	- 0.1
Other programs	135	56	- 58.5	905	819	- 9.5
Subtotal	**1 314**	**1 233**	**- 6.2**	**13 909**	**13 669**	**- 1.7**
Harmonization of the QST with the GST – Compensation	—	245	—	—	489	—
Total federal transfers	**1 314**	**1 478**	**12.5**	**13 909**	**14 158**	**1.8**
BUDGETARY REVENUE	**5 587**	**5 758**	**3.1**	**59 146**	**61 336**	**3.7**

(1) For comparison purposes, the data for 2011-2012 have been adjusted to reflect improvements to the estimation method of mandataries for personal income tax revenue and health services contributions.

(2) Excluding the exceptional loss of $1 876 million resulting from the closure of the Gentilly-2 nuclear power plant in 2012-2013 included in Hydro-Québec's audited financial statements as at December 31, 2012.

GENERAL FUND EXPENDITURE

(millions of dollars) **(Unaudited data)**

Expenditures by mission	February 2012	February 2013	Change %	April to February 2011-2012	April to February 2012-2013	Change %
Program spending						
Health and Social Services	2 095	2 162	3.2	25 999	26 818	3.2
Education and Culture	1 209	1 249	3.3	14 835	15 102	1.8
Economy and Environment	487	471	- 3.3	4 918	4 747	- 3.5
Support for Individuals and Families	506	497	- 1.8	5 544	5 625	1.5
Administration and Justice	305	271	- 11.1	3 370	3 526	4.6
Total program spending	**4 602**	**4 650**	**1.0**	**54 666**	**55 818**	**2.1**
Debt service	**589**	**620**	**5.3**	**6 695**	**7 079**	**5.7**
BUDGETARY EXPENDITURE	**5 191**	**5 270**	**1.5**	**61 361**	**62 897**	**2.5**

DETAILED INFORMATION ON THE TRANSACTIONS OF CONSOLIDATED ENTITIES

(millions of dollars) (Unaudited data)

	February 2013								
	Special funds	Generations Fund	Specified purpose accounts	Transfers (expenditures) related to the tax system	Non-budget-funded bodies	Health and education networks[1]	Total	Consolidation adjustments[2]	Total
REVENUE	**769**	**99**	**47**	**300**	**1 703**	**—**	**2 918**	**- 1 665**	**1 253**
EXPENDITURE									
Expenditure	- 709	—	- 47	- 300	- 1 595	- 26	- 2 677	1 585	- 1 092
Debt service	- 136	—	—	—	- 88	—	- 224	80	- 144
TOTAL	**- 845**	**—**	**- 47**	**- 300**	**- 1 683**	**- 26**	**- 2 901**	**1 665**	**- 1 236**
RESULTS	**- 76**	**99**	**—**	**—**	**20**	**- 26**	**17**	**—**	**17**

	April to february 2013								
	Special funds	Generations Fund	Specified purpose accounts	Transfers (expenditures) related to the tax system	Non-budget-funded bodies	Health and education networks[1]	Total	Consolidation adjustments[2]	Total
REVENUE	**8 548**	**853**	**867**	**4 945**	**20 162**	**—**	**35 375**	**- 19 552**	**15 823**
EXPENDITURE									
Expenditure	- 6 323	—	- 867	- 4 945	- 18 878	- 211	- 31 224	18 613	- 12 611
Debt service	- 1 642	—	—	—	- 1 050	—	- 2 692	939	- 1 753
TOTAL	**- 7 965**	**—**	**- 867**	**- 4 945**	**- 19 928**	**- 211**	**- 33 916**	**19 552**	**14 364**
RESULTS	**583**	**853**	**—**	**—**	**234**	**- 211**	**1 459**	**—**	**1 459**

(1) The results of the networks are presented according to the modified equity accounting method.

(2) Consolidation adjustments include the elimination of program spending of the general fund.

For more information, contact the Direction des communications of the Ministère des Finances et de l'Économie at 418 646-3983.

The report is also available on the Ministère des Finances et de l'Économie website: www.finances.gouv.qc.ca.